LESLIE K. EVERTSON - ROSWELL KENNETH D. REYNOLDS - ARTESIA DRILLING CO., INC. – OIL WELL DRILLING CONTRACTORS P. O. Box 1498 ROSWELL, NEW MEXICO 88201 Telephones: Artesia 505/746-6757 Roswell 505/623-5070

February 16,1990

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Chi Operating,Inc. P.O. Box 1799 Midland, Texas 79702

REF: Merland #1

Gentlemen:

The following is a Deviation Survey on the above referenced well located in Eddy County, New Mexico.

| 484' - 10 | 1979' - 3/4° | 3569' - 1/2° |
|------------|--------------|---------------|
| 580' - 1° | 2499' - 3/4° | 3900' - 3/4° |
| 1000' - 1° | 2624' - 3/4° | 4371' - 1° |
| 1490' - 1° | 3114' - 3/4° | 4550' - 1° TD |

Sincerely,

Arnold Newkirk Vice-President

STATE OF NEW MEXICO)
COUNTY OF CHAVES)

The foregoing was acknowledged before me this 16th day of February 1990 by Arnold Newkirk.

MY COMMISSION EXPIRES

Linda Decuro

NOTARY PUBLIC

October 07, 1992